

PUBLIC VERSION

EXHIBIT E

APC000529

Alabama Power Company's incremental cost increase between a 35' bare pole and a 40' bare pole is \$ [REDACTED] increase in the average cost for a Standard Joint Use Attachment Pole. The next size smaller pole – a 35' pole - would be satisfactory for Alabama Power Company's facilities if there were no joint use. Also apparent from the chart, as pole size increases above 35', Alabama Power's historical average costs become exponentially higher. Ms. Miller states that Alabama Power Company is likely installing larger poles to accommodate other attachers. That may be true in certain cases, however, when third-party attachers need space on Alabama Power's poles, they are responsible for the total actual costs.

Between Alabama Power and SCB, the parties agreed to a 40' – class 5 pole as the standard for their joint use, unless they mutually agreed to a shorter, or smaller classed, pole. There is no Standard Joint Use Attachment Pole size specified in Alabama Power Company's pole license agreements. Only joint use agreements contain those terms.

Alabama Power Company's Operating Charges (annual charges) in Appendix B, Exhibit 1, in 1994, was 23.662% (SCB's annual charge was 20.710%). I calculated the 5-year Alabama Power's 2018 average gross annual charge rate to be [REDACTED]%, based on year end 2014 through 2018 financial data. See Exhibit E-11. Multiplying the above gross annual charge rate by the average historical cost yields the annual cost incurred by Alabama Power for each respective size pole. The results of those calculations are provided in the following chart:

Account 364 - Poles, Towers, & Fixtures						
Retirement Units	2018 End of Year			Ann Cost/Item	Increase in Annual Cost/Pole >35'	
	FERC RUC	Avg Cost/Pole	Annual Charge %			
35'	364.1006	\$ [REDACTED]	[REDACTED]	\$ [REDACTED]		
40'	364.1007	\$ [REDACTED]	[REDACTED]	\$ [REDACTED]	\$ [REDACTED]	[REDACTED]
45'	364.1008	\$ [REDACTED]	[REDACTED]	\$ [REDACTED]	\$ [REDACTED]	[REDACTED]

It costs Alabama Power Company *an additional* \$ [REDACTED] *per year* to provide a Standard Joint Use Pole, above its annual cost for a pole one-size smaller. If there were no joint use, a 35' pole that would be satisfactory for Alabama Power Company's facilities and would result in a cost savings of \$ [REDACTED] /year. AT&T's rental charge at year end 2018 was only \$ [REDACTED] /pole. The above RUC unit costs do not include the costs of Alabama Power Company's anchors and guys, which are an integral part of the capital costs of poles., representing a shortfall of \$ [REDACTED] /pole when Alabama Power provides a Standard Joint Use Pole.

Q. PLEASE SUMMARIZE YOUR COMMENTS?

A. My comments can be summarized by the following 6 points:

- 1. Contrary to AT&T's witnesses' statement, AT&T is routinely using more than its [REDACTED] of Standard Space Allocation, as confirmed by a detailed review of its own Exhibit M-1.**
- 2. Third-party attachments are not displacing AT&T from its Standard Space Allocation, and even if there is an encroachment by a third-party (into AT&T's allocated space), both the Agreement and the terms of Alabama Power Company's third-party agreements include terms that protect AT&T's future use of that space.**
- 3. Alabama Power Company's additional annual costs for a Standard Joint Use Attachment Pole ~~exceed~~ are approximately equal to the rental rate paid by AT&T-AL. Alabama Power Company's 2018 annual cost for a 40' joint use poles is \$ [REDACTED] greater than the next size smaller pole. AT&T's per pole rental rate for 2018 was \$ [REDACTED] pole.**
- 4. The joint use terms of the Agreement are significantly better for AT&T than those embodied in a pole attachment agreement. AT&T has requested only a change in the rental rates, but not any other terms of the Agreement, a clear indication that it favors those other terms.**
- 5. AT&T's cables and other facilities are not "small" and "light", but rather are potentially the largest and heaviest cables on a given pole, and usually result in the most sag. AT&T's attachments are therefore located in the lowest position of the usable space of a pole.**
- 6. Retaining rights to the lowest position on the pole provides AT&T with a strategic advantage over its competitors. In over 32 years of joint use negotiations experience, not only with AT&T, but also with other telephone companies, none have ever requested any pole position other than the lowest point of attachment. By attaching above its allocated space, it can either limit access to the pole by its competitors, or otherwise make such access expensive and time consuming.**

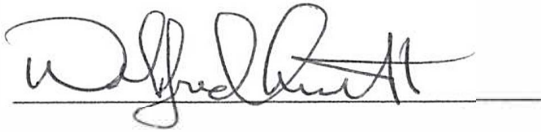
Q. DOES THIS CONCLUDE YOUR DECLARATION?

A. Yes it does.

Public Version

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Executed on the ~~19th~~ 15th day of ~~June~~ July, 2019.

A handwritten signature in black ink, appearing to read "Wilfred Arnett", is written over a horizontal line.

Wilfred Arnett

Public Version

EXHIBIT E-11

Public Version

Alabama Power Company Gross Carrying Charge Analysis
For the Years 2014 through 2018

